LOPHOS HOLDINGS INC.
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2024 AND 2023
(EXPRESSED IN CANADIAN DOLLARS)

CLEARHOUSE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Lophos Holdings Inc

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Lophos Holdings Inc. (the Company), which comprise the consolidated statements of financial position as at March 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024 and 2023 and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern
We draw your attention to Note 1 in the consolidated financial statements, which indicates the Company incurred a comprehensive loss of $1,276,682 during the year ended March 31, 2024. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended March 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Emphasis of Matter - *Material Uncertainty Related to Going Concern* section of our report, we have determined the matter described below to be the key audit matter to be communicated in our report.

Impairment Assessment of Property, Plant and Equipment (PP&E)

Description of the matter
As more fully described in Note 6 to the consolidated financial statements, the carrying value of Company's property, plant and equipment was $3,728,461 as at March 31, 2023.

In accordance with *IAS 36 - Impairment of Assets*, PP&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

In undertaking this assessment, management is required to apply judgment to conclude on whether any of the internal and external indicators of impairment stipulated in IAS 36 are applicable.

Why the matter is a key audit matter
We determined this as a key audit matter as it represented an area of significant risk of material misstatement given the magnitude of the PP&E assets and the significant management judgment involved in assessing the existence of impairment indicators. In addition, significant auditor judgement, knowledge and effort were required in evaluating the results of our audit procedures.

How the matter was addressed in the audit
The following were the primary procedures we performed to address this key audit matter:

- Reviewed management's PP&E impairment analysis and ensured it was reasonable and complies with IAS 36 guidance;
- Verified existence and condition of PP&E assets by touring the facility where PP&E located;
- Compared the Company's market capitalization and net assets as at March 31, 2024, and noted the market capitalization exceed the net assets; and;
- Verified the Company obtained all required licensing and permits to conduct operations and bring PPE assets to the conditions necessary for intended use.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon
Management is responsible for the other information. The other information comprises the annual management's discussion and analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Pat Kenney.

Clearhouse LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
July 29, 2024

Lophos Holdings Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at March 31, 2024	As at March 31, 2023
ASSETS		
Current assets		
Cash	$ **4,416**	$ 140,029
HST receivable	**111,731**	162,265
Inventory	**9,714**	9,714
Prepaid expense and advance (note 4)	**8,372**	219,208
Total current assets	**134,233**	531,216
Non-current assets		
Biological assets (note 5)	**37,490**	-
Fixed assets (note 6)	**3,728,461**	3,448,539
Total assets	$ **3,900,184**	$ 3,979,755
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 16(a))	$ **341,921**	$ 445,281
Due to related parties (note 16(a)(iii))	**21,440**	21,440
Convertible debenture (notes 7 and 16)	**147,815**	-
Promissory notes (note 8)	**1,909,981**	-
	2,421,157	466,721
Non-current liabilities		
Convertible debenture (notes 7 and 16)	**-**	126,795
Promissory notes (note 8)	**-**	1,909,981
Total liabilities	**2,421,157**	2,503,497
Shareholders' Equity		
Share capital (note 10)	**2,519,224**	1,981,447
Warrants and special warrants (note 11)	**292,152**	296,605
Contributed surplus (note 12)	**972,151**	500,701
Equity portion of convertible debenture	**15,625**	15,625
Deficit	**(2,320,125)**	(1,318,120)
Total equity	**1,479,027**	1,476,258
Total liabilities and shareholders' equity	$ **3,900,184**	$ 3,979,755

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Business of the Company and going concern (note 1)
Subsequent events (note 18)

On Behalf of the Board:

"Claire Stawnyczy"
Director

"Jeremy Petsun"
Director

Lophos Holdings Inc.
Consolidated Statements of loss and Comprehensive loss
(Expressed in Canadian Dollars)

Year ended March 31,	**2024**	**2023**
Expenses		
Stock-based compensation (notes 12 and 16)	$ 471,450	$ 167,611
Professional fees (note 16)	354,197	353,135
Interest expense (notes 7 and 8)	196,271	170,991
Office and general	96,691	116,648
Shareholder information	29,040	1,273
Depreciation (note 6)	28,216	40,114
Investor relations	14,749	14,012
Salaries and benefits (note 16(b))	3,358	123,931
Net loss before below items	(1,193,972)	(987,715)
Unrealized gain on changes in fair value of biological assets (note 5)	24,490	-
Write-off of HST receivable	(104,797)	-
Net loss before income tax	(1,274,279)	(987,715)
Income tax expense (note 17)	(2,403)	-
Net loss and comprehensive loss for the year	$ (1,276,682)	$ (987,715)
Basic and diluted net loss for the year (note 15)	$ (0.02)	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	84,023,712	66,302,909

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Lophos Holdings Inc.

Consolidated Statements of Changes in Equity
For the years ended March 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Share Capital		Warrants and	Contributed	Equity portion of		
	Number of shares	Amount	special warrants	surplus	convertible debenture	Deficit	Total
Balance, March 31, 2022	**63,650,000**	**$ 1,022,322**	**$ 1,200,106**	**$ 333,090**	**$ -**	**$ (330,405)**	**$ 2,225,113**
Shares issued from conversion of special warrants (note 10)	15,961,667	1,142,074	(1,142,074)	-	-	-	-
Warrants issued upon conversion of special warrants (note 10)	-	(182,949)	182,949	-	-	-	-
Equity portion of convertible debenture	-	-	-	-	15,625	-	15,625
Stock-based compensation	-	-	-	167,611	-	-	167,611
Broker warrants issued (notes 7 and 11)	-	-	5,624	-	-	-	5,624
Special warrants issued	-	-	50,000	-	-	-	50,000
Net loss for the year	-	-	-	-	-	(987,715)	(987,715)
Balance, March 31, 2023	**79,611,667**	**$ 1,981,447**	**$ 296,605**	**$ 500,701**	**$ 15,625**	**$ (1,318,120)**	**$ 1,476,258**
Issuance of shares and warrants in private placements (note 10(b))	6,248,006	554,929	253,072	-	-	-	808,001
Fair value of broker warrants issued in private placement (notes 10(b) and 11)	-	(17,152)	17,152	-	-	-	-
Expiry of warrants	-	-	(274,677)	-	-	274,677	-
Stock-based compensation	-	-	-	471,450	-	-	471,450
Net loss for the year	-	-	-	-	-	(1,276,682)	(1,276,682)
Balance, March 31, 2024	**85,859,673**	**$ 2,519,224**	**$ 292,152**	**$ 972,151**	**$ 15,625**	**$ (2,320,125)**	**$ 1,479,027**

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Lophos Holdings Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

Year ended March 31,	2024	2023
Operating activities		
Net loss for the year	$ (1,276,682)	$ (987,715)
Adjustments for:		
Stock based compensation (note 12)	471,450	167,611
Unrealized gain on changes in fair value of biological assets	(24,490)	-
Depreciation	28,216	40,114
Accrued interest on promissory notes	-	152,832
Accretion on convertible debenture	21,020	10,044
Non-cash working capital items:		
Accounts receivable	50,534	(78,246)
Prepaid expense and advances	-	(210,836)
Accounts payable and accrued liabilities	(103,360)	119,187
Net cash (used in) operating activities	(833,312)	(787,009)
Investing activities		
Purchase of fixed assets	(97,302)	(27,737)
Expenditure on biological assets	(13,000)	-
Net cash (used in) investing activities	(110,302)	(27,737)
Financing activities		
Proceeds from private placements, net of costs	808,001	-
Proceeds from convertible debenture, net of cost	-	138,000
Repayment of loan payable	(50,000)	(40,000)
Proceeds from issuance of special warrants	-	50,000
Proceeds from loan payable	50,000	-
Repayment of promissory notes	-	(194,285)
Net cash provided by (used in) financing activities	808,001	(46,285)
Net change in cash	(135,613)	(861,031)
Cash, beginning of year	140,029	1,001,060
Cash, end of year	$ 4,416	$ 140,029

The accompanying notes to the consolidated financial statements are an integral part of these statements.

1. Business of the Company and going concern

Lophos Holdings Inc. ("Lophos Holdings" or "the Company") was incorporated under the *Business Corporations Act* (British Columbia) on October 14, 2020 under the name “Greenridez 2.0 Acquisitions Corp.” and subsequently filed a notice of alteration of its articles in order to change its name to “Lophos Holdings Inc.” on February 4, 2022. The registered and head office of the Company is located at 550 Burrard St #2900, Vancouver, BC V6C 0A3.

Lophos Pharmaceuticals Corp. ("Lophos Pharma") was incorporated under the *Business Corporations Act* (British Columbia) on September 13, 2021. The registered and head office of Lophos Pharma is located at 550 Burrard St #2900, Vancouver, BC V6C 0A3.

The Company's principal business pertains to the cultivation and research of Lophophora williamsii (“peyote cactus”). Additionally, in the long-term, the Company is engaged in the research and development of compounds derived from peyote cactus.

On December 23, 2021, the Company entered into a Share Exchange Agreement with the shareholders of Lophos Pharma, pursuant to which the Company agreed to acquire all of the issued and outstanding common shares of Lophos Pharma in consideration for the issuance of a total of 44,500,000 Common Shares to shareholders of Lophos Pharma in proportion with their respective interest in Lophos Pharma. The acquisition was accounted for as a reverse takeover ("RTO") whereby Lophos Pharma was identified as the acquirer for accounting purpose and accordingly the resulting consolidated financial statements are presented as a continuance of Lophos Pharma. After the RTO, the combined entity of Lophos Holdings and Lophos Pharma is referred to also as " the Company" in these consolidated financial statements.

On December 23, 2021, immediately following the closing of the share Exchange Agreement with the shareholders of Lophos Pharma, the Company entered into a Share Purchase Agreement with certain shareholders of Richmond Pharma Inc. ("Richmond Pharma"), pursuant to which the Company agreed to acquire all of the issued and outstanding common shares of Richmond Pharma held by Eric Hancox, Vassil Staykov and Sandra Williams.

On December 23, 2021, immediately following the closing of the share Exchange Agreement with the shareholders of Lophos Pharma, the Company entered into a Share Purchase Agreements with certain shareholders of Richmond Pharma, pursuant to which the Company agreed to acquire all of the issued and outstanding common shares of Richmond Pharma held by Herman Holdings Limited ("HHL") in consideration for the issuance of a total of 17,500,000 Common Shares to Herman Holdings Limited. Subsequent to the closing of the acquisition, the Company entered into a debt settlement agreement with Herman Holdings Limited pursuant to which the Company issued 400,000 Common Shares at a deemed value of $0.10 per Common Share in order to settle an amount of $40,000 owing to Herman Holdings Limited.

On August 14, 2023, the Company received a receipt from the British Columbia Securities Commission for its final prospectus dated August 11, 2023, thus becoming a reporting issuer in the Province of British Columbia.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. For the year ended March 31, 2024, the Company reported a net loss of $1,276,682 and at March 31, 2024, the Company has cash balance of $4,416. The Company's ability to continue as a going concern is dependent upon its ability to develop and maintain profitable operations and/or to obtain additional financing. There is no assurance that the outcome of these matters will be successful and, as a result, there are material uncertainties that might cause significant doubt regarding the going concern assumption. On July 26, 2024, the Company received a Notice of Sale Under Mortgage relating to the promissory note (note 8) made between certain mortgage holders and the Company, affecting its property located at 100 Circuit Rider Drive, Napanee, Ontario. The Company is reviewing all available options to resolve this matter promptly and efficiently. The Company is actively seeking financial solutions, including but not limited to, bridge financing, asset sales, or strategic partnerships, to cover the outstanding amount and to ensure the continuity of its operations.

1. Business of the Company and going concern (continued)

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements. Such adjustments could be material.

The Company's ability to continue as a going concern is dependent upon raising additional capital to meet its present and future commitments. If additional financing is arranged through the issuance of shares, control of the Company may change and shareholders may suffer significant dilution. In addition, the Company has not generated any revenue to date. These circumstances indicate that material uncertainties exist that may cast significant doubt about the Company's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern.

2. Basis of Presentation and significant accounting policies

Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on July 29, 2024.

Basis of Presentation

These consolidated financial statements have been prepared on a going concern basis, under the historical cost convention except for certain financial assets and liabilities that are presented at fair value. These financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

The functional currency of the Company is Canadian Dollar. The presentation currency of the consolidated financial statements is the Canadian Dollar.

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Lophos Holdings and Richmond Pharma. The financial statements of the Company's wholly owned subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All inter-company balances and transactions between entities in the Company, including any unrealized profits or losses, have been eliminated on consolidation.

3. Material Accounting Policies

Use of Management Estimates, Judgments and Assumptions

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the consolidated financial statements. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. Significant estimates and judgments made by management in the preparation of these consolidated financial statements are outlined below:

Stock-based compensation

The fair value of stock-based compensation expenses are estimated using the Black-Scholes option pricing model and rely on a number of estimates, such as the expected life of the option, the volatility of the underlying share price, the risk free rate of return, and the estimated rate of forfeiture of options granted.

Convertible debenture

Management is required to make an estimate of the discount rate used in calculating the present value of the convertible debenture and related interest equal to the market rate that would be given for similar debt, without a conversion feature. Management determine this rate by assessing what rate the Company could borrow funds at from an unrelated party.

The Company makes estimates and assumptions relating to the fair value measurement and disclosure of its convertible debentures. The fair values are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, management’s judgment is required to establish fair values.

Fair value measurement of non-current assets acquired in share based payment transactions

Management is required to make a number of estimates and apply judgments when measuring the value of the building, land and machinery and equipment acquired from Richmond Pharma. Management used the direct comparison approach supported by income approach in the valuation. The judgment includes the comparability of other transactions of similar assets in the market and the estimates used include future income and expenses of the Company and the capitalization rate.

Warrants

Management is required to make a number of estimates when measuring the value of the warrants including the volatility rate and expected life of the instruments.

Biological assets

Management is required to make a number of estimates and judgments for the biological assets valuation on the growth, yield, fair value less cost to sell, market conditions and the classification as current or non-current.

3. Material Accounting Policies (continued)

Use of Management Estimates, Judgments and Measurement Uncertainty (continued)

Income taxes

The calculation of income taxes requires judgment in interpreting tax rules and regulations. There are transactions and calculations for which the ultimate tax determination is uncertain. The Company's tax filings also are subject to audits, the outcome of which could change the amount of current and deferred tax assets and liabilities. Management believes that it has sufficient amounts accrued for outstanding tax matters based on information that currently is available.

Management judgment is used to determine the amounts of deferred tax assets and liabilities and future tax liabilities to be recognized. In particular, judgment is required when assessing the timing of the reversal of temporary differences to which future income tax rates are applied.

Going concern

Management assessment of going concern and uncertainties of Lophos Holdings' ability to raise additional capital and/or obtain financing to meet its commitments. There is alos material uncertainty with regards to the forbearance of the mortgage holders and the negotiation of an extension and/or acquiring bridge financing, asset sales, or strategic partnerships, to cover the outstanding amount and to ensure the continuity of its operations.

Useful lives and impairment of long-lived assets

Long-lived assets are defined as property, plant, and equipment and intangible assets with finite lives. Depreciation and amortization are dependent upon estimates of useful lives and impairment is dependent upon estimates of recoverable amounts. These are determined through the exercise of judgment and are dependent upon estimates that consider factors such as economic and market conditions, frequency of use, anticipated changes in laws, and technological improvements. Judgment is required in assessing whether any indicators of impairment are applicable, as defined in IAS 36.

Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive loss.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

3. Material Accounting Policies (continued)

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pretax rate that reflects current market assessments of the time value of money and the risk specific to the obligation.

Loss Per Share

Loss per common share have been determined by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding during the period, excluding shares securing employee share purchase loans and shares in escrow, if any. The Company follows the “treasury stock” method in the calculation of diluted earnings per share. Under this method, the calculation of diluted earnings per share assumes that outstanding options and warrants that are dilutive to earnings per share are exercised and the proceeds are used to repurchase shares of the Company at the average market price of the shares for the period. The treasury stock method is not used to calculate diluted loss per share because the result would be anti- dilutive. Loss per share per share (diluted) are equivalent measures and calculated on a non-dilutive basis.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Fixed assets

Fixed assets are initially recorded at cost less accumulated depreciation and accumulated impairment loses. Fixed assets are amortized on a declining basis with the following rates per annum:

Building	4% to 7%
Furniture and fixtures	20%
Machinery equipment	30%
Scientific equipment	10%
Computer hardware	30%
Land	No depreciation

Fixed assets acquired during the period are amortized at 50% of the annual rate. Gains and losses on disposals of property and equipment are included as part of other income on the statement of loss and comprehensive loss. Depreciation of the Company’s fixed assets commences when they are available for intended use.

Repairs and maintenance costs are expensed as incurred. However, expenditures on major maintenance rebuilds or overhauls are capitalized when it is probable that the expenditures will extend the productive capacity or useful life of an asset. Any remaining costs of previous overhauls relating to the same asset are derecognized. All other expenditures are expensed as incurred.

3. Material Accounting Policies (continued)

Impairment of long-lived assets

Long-lived assets are reviewed for impairment at each reporting period or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss equal to the amount by which the carrying amount exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

The estimated useful lives, residual values, and amortization methods are reviewed at each year end or more frequently if events or changes in circumstances indicate potential impairment, and any changes in estimates are accounted for prospectively.

Financial Instruments

Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- those to be measured subsequently at fair value, either through profit or loss (“FVTPL”) or through other comprehensive income (“FVTOCI”); and,
- those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting date. All other financial assets are measured at their fair values at each subsequent reporting date, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

3. Material Accounting Policies (continued)

Financial Instruments (continued)

After initial recognition at fair value, financial liabilities are classified and measured at either:

- amortized cost;
- FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
- FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified. The Company's financial assets consist of cash which is classified and measured at FVTPL and HST receivable which is classified and measured at amortized cost.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost or FVTOCI are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

The Company's financial liabilities consist of accounts payable and accrued liabilities, due to related party, loan payable, convertible debentures and promissory notes, which are classified and measured at amortized cost using the effective interest method.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

Convertible debenture

The Company calculates the liability portion of convertible debentures by calculating the present value of the debenture and related interest, using a discount rate equal to the market rate that would be given for similar debt, without a conversion feature. Management determines this rate by assessing what rate the Company could borrow funds at from an unrelated party. Subsequent measurement of the liability component is carried at amortized cost using effective interest method.

Valuation of warrants and broker warrants

The fair value of warrants and broker warrants is measured at the issuance date. The fair value of the warrants and broker warrants is measured using the Black-Scholes pricing model, taking into account the terms and conditions upon which the warrants and broker warrants were issued including exercise price, remaining life in years until expiry, risk-free interest rate, dividend yield and volatility of stock price of the Company's share.

3. Material Accounting Policies (continued)

Stock-based compensation

The fair value of stock options granted is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Stock option expense incorporates an expected forfeiture rate for those options that do not vest immediately. Amounts recorded for expired unexercised stock options and warrants are transferred to deficit on expiry.

New accounting policy adopted

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

a. clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
b. clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
c. make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

The Company adopted this amendment on April 1, 2023. The adoption of this amendment did not have any significant impact on the consolidated financial statements.

Biological assets

The Company defines biological assets as living plants up to the point of harvest. Biological assets are measured at fair value less costs to sell at the end of each reporting period in accordance with IAS 41 - *Agriculture* using the market approach by considering the market prices of comparable biological assets that have been sold recently. The Company utilizes an market approach to determine the fair value less cost to sell at a specific measurement date, based on the existing plants’ stage of completion up to the point of harvest. The Company cultivates lophophora williamsii (“peyote cactus”). The stage of completion is determined based on the diameter of each plant.

(Expressed in Canadian Dollars)

3. Material Accounting Policies (continued)

New accounting policy adopted (continued)

Biological assets (continued)

The following inputs and assumptions are all categorized within level 3 on the fair value hierarchy and were used in determining the fair value less costs to sell of the biological assets:

Inputs and assumptions	Description	Correlation between inputs and fair value
Average fair market value per gram of peyote plant	Represents the average estimated selling price per gram of peyote plant, which is expected to approximate future selling prices.	If the average selling price per gram were higher (lower), estimated fair value would increase (decrease).
Average yield per plant	Represents the weighted average number of grams of fresh peyote inventory expected to be harvested from each plant.	If the weighted average yield per plant was higher (lower), estimated fair value would increase (decrease).
Stage of completion in the cultivation process	Represents the diameter of each plant over the expected diameter of 5 centimetres at harvest.	If the diameter of the plant was higher (lower), estimated fair value would increase (decrease).

The following table highlights the sensitivities and impact of changes in significant assumptions on the fair value of biological assets cultivated:

	Range of inputs			Impact on fair value	
Inputs and assumptions	**March 31, 2024**	**March 31, 2023**	**Sensitivity**	**March 31, 2024**	**March 31, 2023**
Average fair market value per gram of peyote plant	$10	N/A	Increase or decrease by $0.15 per gram	$3,749	N/A
Average yield per plant (gram)	60	N/A	Increase or decrease by 20 grams per plant	$3,749	N/A

Recent accounting pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Company in the current and future reporting periods.

(Expressed in Canadian Dollars)

4. Prepaid expense and advance

As at	March 31, 2024	March 31, 2023
Advance for equipment purchase	$ -	$ 210,836
Prepaid expenses	8,372	8,372
Total	$ 8,372	$ 219,208

5. Biological assets

The changes in the carrying value of biological assets during the year are as follows:

As at	March 31, 2024
Balance, beginning	$ -
Production costs capitalized	13,000
Changes in fair value less cost to sell due to biological transformation	24,490
Balance, ending	$ 37,490

6. Fixed assets

Cost	Building	Computer	Machinery & equipment	Scientific equipment	Furniture & fixture	Land	Total
Balance, March 31, 2022	$2,521,250	$ 5,631	$ 127,528	$ 431,620	$ 3,009	$ 378,750	$3,467,788
Additions	27,737	-	-	-	-	-	27,737
Balance, March 31, 2023	2,548,987	5,631	127,528	431,620	3,009	378,750	3,495,525
Additions	97,302	-	-	-	-	-	97,302
Reclassification from prepaid expense	210,836	-	-	-	-	-	210,836
Balance, March 31, 2024	$2,857,125	$ 5,631	$ 127,528	$ 431,620	$ 3,009	$ 378,750	$3,803,663

Accumulated depreciation	Building	Computer	Machinery & equipment	Scientific equipment	Furniture & fixture	Land	Total
Balance, March 31, 2022	$ -	$ 1,402	$ -	$ 5,395	$ 75	$ -	$ 6,872
Depreciation	-	1,269	38,258	-	587	-	40,114
Balance, March 31, 2023	-	2,671	38,258	5,395	662	-	46,986
Depreciation	-	891	26,854	-	471	-	28,216
Balance, March 31, 2024	$ -	$ 3,562	$ 65,112	$ 5,395	$ 1,133	$ -	$ 75,202

Net book value	Building	Computer	Machinery & equipment	Scientific equipment	Furniture & fixture	Land	Total
Balance, March 31, 2023	$2,548,987	$ 2,960	$ 89,270	$ 426,225	$ 2,347	$ 378,750	$3,448,539
Balance, March 31, 2024	$2,857,125	$ 2,069	$ 62,416	$ 426,225	$ 1,876	$ 378,750	$3,728,461

During the years ended March 31, 2024 and 2023, there was no depreciaiton for building or scientific equipment as they are not available for use.

(Expressed in Canadian Dollars)

7. Convertible debenture

On August 31, 2022, the Company issued a convertible debenture with principal of $150,000 bearing interest at 8% with a maturity date of August 31, 2024. The Company incurred cash issuance costs of $12,000. The Company allocated $116,751 of the principal amount, net of cost, to the liability component of the debenture and the remaining amount of $17,705 to the equity component of the debenture. The Company also issued 80,000 broker warrants in connection with the issuance of the convertible debenture. The fair value of the broker warrants was estimated at $5,624 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 100%; risk-free interest rate 3.64%; and an expected life of 2 years.

The continuity of the convertible debenture is as follows:

As at	March 31, 2024	March 31, 2023
Balance, beginning	$ 126,795	$ -
Issued	-	132,295
Issuance cost	-	(15,544)
Accretion	21,020	10,044
Balance, ending	$ 147,815	$ 126,795

8. Promissory notes

The continuity of the promissory notes are as follows:

As at	March 31, 2024	March 31, 2023
Balance, beginning	$ 1,909,981	$ 1,951,434
Interest expense accrued	153,251	152,832
Interest payment	(153,251)	(194,285)
Balance, ending	$ 1,909,981	$ 1,909,981

The promissory notes are unsecured, bear an annual interest rate of 8% and matures on December 23, 2024.

9. Loan payable

During the year ended March 31, 2024, the Company borrowed a loan payable from Andrew Easdale for a principal amount of $50,000. The loan is due on demand. During the year ended March 31, 2024 the Company repaid the principal of $50,000 and interest of $10,000.

(Expressed in Canadian Dollars)

10. Share capital

a) Authorized share capital

Authorized unlimited common shares and unlimited number of preferred shares

b) Common shares issued

	Number of Common Shares	Amount ($)
Balance, March 31, 2022	**63,650,000**	**1,022,322**
Shares issued from conversion of special warrants (i)	15,961,667	1,142,074
Warrants issued upon conversion of special warrants (i)	-	(182,949)
Balance, March 31, 2023	**79,611,667**	**1,981,447**
Shares issued in private placement, net of issuance costs (ii)(iii)	6,248,006	554,929
Fair value of broker warrants issued in private placement (ii)(iii)	-	(17,152)
Balance, March 31, 2024	**85,859,673**	**2,519,224**

(i) On January 31, 2023, the Board of Directors resolved to convert, effective as of January 31, 2023, and for no additional consideration and pursuant to the terms of the Special Warrants, all of 15,961,667 Special Warrants issued and outstanding into 15,961,667 Common Shares, 5,333,334 warrants exercisable at $0.20 per warrant into 5,333,334 common shares of the Company until March 21, 2024 and 333,333 warrants exercisable at $0.20 per warrant into 333,333 common shares of the Company until November 30, 2024. The holders of the Common Shares issued upon the conversion of the Special Warrants are entitled to the same rights as holders of Common Shares, namely to vote at all meetings of the holders of Common Shares and, subject to the rights of holders of any shares ranking in priority to or on a parity with the Common Shares, to participate rateably in any distribution of the Company's property or assets upon liquidation or winding-up.

The fair value of the 5,333,334 warrants expiring on March 21, 2024 was estimated to be $167,574 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 100%; risk-free interest rate 3.91%; and an expected life of 1.14 years. The fair value of the 333,333 warrants expiring on November 30, 2024 was estimated to be $15,375 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 100%; risk-free interest rate 3.91%; and an expected life of 1.83 years.

(Expressed in Canadian Dollars)

10. Share capital (continued)

b) Common shares issued (continued)

(ii) On May 5, 2023, the Company completed the first tranche of the private placement at which time the company issued an aggregate of 1,500,001 units at $0.15 for gross proceeds of $225,000. Each Unit consists of one (1) common share and one (1) common share purchase warrant. Each Warrant entitles the holder to acquire one Common Share at a price of $0.20 per Common Share for a period of 24 months following the issuance of such Warrant. In connection with the closing, the company paid cash finder fees of $22,500 and issued 75,000 non-transferable finder warrants entitling the holder to purchase one common share at a price of $0.20 for a period of two years from closing and 75,000 compensation common shares issued at a deemed value price of $0.15 per common share.

The fair value of the 1,500,001 warrants expiring on May 5, 2025 was estimated to be $63,112 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 100%; risk-free interest rate 3.70%; and an expected life of 2 years. The fair value of the 75,000 warrants expiring on May 5, 2025 was estimated to be $5,276 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 100%; risk-free interest rate 3.70%; and an expected life of 2 years.

(iii) On August 10, 2023, the Company completed the closing of a second tranche of the Concurrent Private Placement pursuant to which it issued 4,170,005 Units, at a price per Unit of $0.15, for gross proceeds to the Company of $625,501. Each Unit issued under the closing of the second and final tranche of the Concurrent Private Placement is comprised of one Common Share and one Common Share purchase warrant entitling the holder thereof to acquire one additional Common Share, at an exercise price of $0.20, for a period of 24 months. The Company also issued 167,666 Broker Warrants to a registered dealer. Each Broker Warrant entitles the holder thereof to acquire one Common Share, at an exercise price of $0.20, for a period of 24 months. The Company also issued 503,000 Common Shares as compensation, at a deemed issue price of $0.15, to the same registered dealer and incurred transaction costs of $20,000 in relation to the second tranche of the Concurrent Private Placement.

The fair value of the 4,170,005 warrants expiring on August 10, 2025 was estimated to be $189,960 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 100%; risk-free interest rate 4.37%; and an expected life of 2 years. The fair value of the 167,666 warrants expiring on August 10, 2025 was estimated to be $11,876 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 100%; risk-free interest rate 4.37%; and an expected life of 2 years.

11. Warrants and broker warrants

The Company issued warrants and broker warrants to acquire common shares as follows:

	Number of Warrants	Weighted Average Exercise Price ($)
Balance, March 31, 2022	**6,213,583**	**0.10**
Issued in connection with the convertible debenture	80,000	0.15
Issued upon conversion of special warrants	5,666,667	0.20
Balance, March 31, 2023	**11,960,250**	**0.15**
Issued in private placement (note 10(b))	5,912,672	0.20
Expired	(11,346,917)	0.15
Balance, March 31, 2024	**6,526,005**	**0.20**

(Expressed in Canadian Dollars)

11. Warrants and broker warrants (continued)

The following table reflects the warrants and broker warrants issued and outstanding as of March 31, 2024:

Expiry Date	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Number of Warrants Outstanding
August 31, 2024	0.20	0.42	80,000
November 30, 2024	0.20	0.67	333,333
April 6, 2025	0.10	1.02	200,000
May 5, 2025	0.20	1.10	1,500,001
May 5, 2025	0.20	1.10	75,000
August 10, 2025	0.20	1.36	4,170,005
August 10, 2025	0.20	1.36	167,666
	0.20	**1.24**	**6,526,005**

On August 31, 2022, the Company issued 80,000 broker warrants in connection with the convertible debenture with each broker warrant exercisable for one common share of the Company at $0.20 for a period of two years from the date of issuance (note 7).

On January 31, 2023, the Company issued 5,333,334 warrants expiring on March 21, 2024 and 333,333 warrants expiring on November 30, 2024 upon conversion of special warrants.

During the year ended March 31, 2024, 11,346,917 warrants expired unexercised.

12. Stock options

The Company issued stock options to acquire common shares as follows:

	Number of Stock Options	Weighted Average Exercise Price ($)
Balance, March 31, 2022	**-**	**-**
Granted	4,325,000	0.15
Balance, March 31, 2023	**4,325,000**	**0.15**
Granted	3,260,000	0.06
Balance, March 31, 2024	**7,585,000**	**0.11**

The following table reflects the actual stock options issued and outstanding as of March 31, 2024:

Expiry Date	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
January 31, 2028	0.15	3.84	4,325,000	4,325,000
March 28, 2029	0.06	4.99	3,260,000	3,260,000
	0.11	4.34	7,585,000	7,585,000

12. Stock options (continued)

On January 31, 2023, the Board also approved an Option Plan, designed for selected employees, officers, directors, consultants and contractors, to incentivize such individuals to contribute toward the Company's long-term goals, and to encourage such individuals to acquire Common Shares as long-term investments. The Option Plan is administered by the Board. Upon approval of the Option Plan on January 31, 2023, the Company granted 4,325,000 stock options with each option convertible into a Common Share of the Company at a price of $0.15 per Common Share until January 31, 2028. The terms of any award are determined by the Board, provided that no options may be granted with an exercise price lower than the greater of the closing market prices of the Common Shares on (a) the trading day prior to the date of grant of the stock options, and (b) the date of grant of the stock options. The options vest as to one quarter (1/4) in every three months from the date of grant. The fair value of the stock options was estimated to be $490,574 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 100%; risk-free interest rate 3.04%; and an expected life of 5 years. During the year ended March 31, 2024, the Company recorded stock-based compensation of $322,963 (2023 - $167,611).

On March 28, 2024, the Company granted 3,260,000 stock options with each option convertible into a common share of the Company at a price of $0.06 per common share until March 28, 2029. The options vested immediately on the date of grant. The fair value of the stock options was estimated to be $148,487 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 100%; risk-free interest rate 3.51%; and an expected life of 5 years. During the year ended March 31, 2024, the Company recorded stock-based compensation of $148,487 (2023 - $nil).

13. Capital management

The Company considers its capital to be its shareholders' equity. As at March 31, 2024, the Company had shareholders' equity of $1,479,027. The Company's objective when managing its capital is to seek continuous improvement in the return to its shareholders while maintaining a moderate to high tolerance for risk. The objective is achieved by prudently managing the capital generated through internal growth and profitability, through the use of lower cost capital, including raising share capital or debt when required to fund opportunities as they arise. The Company may also return capital to shareholders through the repurchase of shares, pay dividends or reduce debt where it determines any of these to be an effective method of achieving the above objective. The Company does not use ratios in the management of its capital. There have been no changes to management's approach to managing its capital during the year ended March 31, 2024.

14. Fair value and financial risk factors

Risk Management

In the normal course of business, the Company is exposed to a number of risks that can affect its operating performance. These risks, and the actions taken to manage them, are as follows:

Fair Values

The Company has designated its cash as FVTPL which are measured at fair value. Fair value of cash is determined based on transaction value and is categorized as a Level One measurement.

- Level One - includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level Two - includes inputs that are observable other than quoted prices included in Level One.
- Level Three - includes inputs that are not based on observable market data.

(Expressed in Canadian Dollars)

14. Fair value and financial risk factors (continued)

As at March 31, 2024, the carrying and fair value amounts of the Company's cash are approximately equivalent due to its short term nature. Cash is classified as Level One in the fair value hierarchy as at March 31, 2024.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. As at March 31, 2024, management believes that the credit risk with respect to cash and HST receivable is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying its financial obligations. The Company manages its liquidity risk by forecasting its operations and anticipating its operating and investing activities.

Interest Risk

Interest rate risk is the risk that the fair values and future cash flows of the Company will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk to the extent that the cash, if any, maintained at financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant. The promissory notes and convertible debenture of the Company are not subject to interest rate risk as they bear a fixed interest rate. As at March 31, 2024, a 5% increase (decrease) on the interest rate will not result in a significant impact on the Company's consolidated statements of loss and comprehensive loss for the year ended March 31, 2024.

15. Net loss per share

The calculation of basic loss per share for the year ended March 31, 2024 was based on the loss attributable to common shareholders of $1,276,682 (2023 - $987,715) and the weighted average number of common shares outstanding of 84,023,712 (2023 - 66,302,909).

Diluted loss per share for the year ended March 31, 2024 does not include the effect of 6,526,005 (2023 - 11,960,250) warrants and broker warrants and 7,585,000 (2023 - 4,325,000) stock options and the convertible debenture as their effect on the net loss per share would be anti-dilutive.

16. Related party transactions

(a) Related party balances and transactions

Related parties include the directors of the Company, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

Years ended March 31,	**2024**	**2023**
Marrelli Group (i)	$ 62,200	$ 46,837
Catalytica Corp. ("Canalytica") (ii)	$ 96,000	$ 93,502

(Expressed in Canadian Dollars)

16. Related party transactions (continued)

(a) Related party balances and transactions (continued)

(i) During the year ended March 31, 2024, the Company paid professional fees totaling $62,200 to Marrelli Support Services Inc. ("Marrelli Support"), and certain of its affiliates, all of which are controlled by Carmelo Marrelli (together known as the "Marrelli Group") for: (i) Remantra Sheopaul is an employee of Marrelli Support and acts as the Chief Financial Officer of the Company; (ii) bookkeeping and office support; (iii) corporate secretarial; (iv) transfer agent; and (v) regulatory filing services. As at March 31, 2024, the Marrelli Group was owed $11,647 (March 31, 2023 - $9,435) and these amounts were included in amounts payable and accrued liabilities.

(ii) Fees included in professional fees related to the consulting services provided by Canalytica. The Chief Executive Officer of the Company is a director of Canalytica. As at March 31, 2024, $53,040 (March 31, 2023 - $nil) was owed to Canalytica by the Company.

(iii) The Company owed certain shareholder $21,440 as at March 31, 2024 (March 31, 2023 - $21,440). The loans are unsecured, non-interest bearing and due on demand.

(iv) The Company issued a convertible debenture (note 7) of $150,000 to Wolf Acquisition 1.0 Corp. ("Wolf Acquisition"), a company that shares a common director with Lophos. As at March 31, 2024, the Company had $20,115 (March 31, 2023 - $8,115) accrued interest on the convertible debenture owed to Wolf Acquisition which was included in the accounts payable and accrued liabilities.

(b) Remuneration of directors and key management

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. Remuneration of key management of the Company was as follows:

	2024	**2023**
Salaries and benefits and management consulting fees	$ 164,916	$ 123,931
Share based payments	$ 330,020	$ 103,667

(c) Major shareholders

To the knowledge of the directors and senior officers of the Company, as at March 31, 2024, no person or corporation beneficially owns or exercises control over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company. The holdings can change at any time at the discretion of the owners.

None of the Company's major shareholders have different voting rights compared to holders of the Company's common shares.

The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, it is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

(Expressed in Canadian Dollars)

17. Income Taxes

The Company's provision for income taxes differs from the amounts computed by applying the basic current rate of 26.5% for Ontario and 27% for British Columbia to the income (loss) for the year before taxes as shown in the following table at March 31:

Years ended March 31,	2024	2023
Loss before recovery of income taxes	**$ (1,274,279)**	$ (987,715)
Combined statutory income tax rate:	27%	27%
Expected income tax (recovery) based on statutory rates	**(344,055)**	(266,683)
Increase (decrease) to the income tax expense resulting from:		
Permanent differences and other	**369,621**	34,207
Share issuance costs	**4,806**	(11,334)
Temporary differences	**6,417**	22,165
Change in deferred income tax asset not recognized	**(34,386)**	221,645
Income tax expense	**$ 2,403**	$ -

Deferred income taxes

The temporary differences and unused tax losses that give rise to deferred income tax assets are presented below:

	As at March 31, 2024	As at March 31, 2023
Non-capital losses carried forward	**$ 709,080**	$ 512,287
Non-current assets and other	**18,848**	243,498
Financing costs	**4,806**	11,334
Deferred tax assets	**732,734**	767,119
Less: deferred tax assets not recognized	**(732,734)**	(767,119)
Net deferred tax assets (liability)	**$ -**	$ -

The potential benefit of these losses and deductible temporary differences in excess of the deferred tax liabilities have not been recognized in these consolidated financial statements as it is not considered probable that sufficient future tax profit will allow the deferred tax assets to be recovered.

(Expressed in Canadian Dollars)

17. Income Taxes (continued)

As of March 31, 2024, non-capital losses expire as follows:

Year	Amount
2038	$294,620
2039	456,809
2040	44,890
2041	17,806
2042	345,221
2043	792,612
2044	674,265
	$2,626,223

18. Subsequent events

(i) On April 15, 2024, the Company entered into a Securities Purchase Agreement ("Agreement") with ThreeD Capital Inc. ("ThreeD"), a publicly traded Canadian-based venture capital firm focused on opportunistic investments in companies in the junior resources and disruptive technologies sectors. Under the terms of the Agreement, Lophos will issue 2,125,000 common shares (the "Purchased Lophos Shares") and 2,125,000 common share purchase warrants (the "Purchased Lophos Warrants", collectively the "Purchased Lophos Units") to ThreeD at a price of $0.06 per Purchased Lophos Unit. Each Purchased Lophos Warrant will entitle the holder to purchase one common share of Lophos at $0.10 until three years from the Closing Time. In return, ThreeD will issue 150,000 common shares (the "Purchased ThreeD Shares") to Lophos at a price of $0.85 per share. The share exchange closed on June 20, 2024.

(ii) On May 6, 2024, the Company announced that its wholly-owned subsidiary, Lophos Pharma, entered into a letter of intent to acquire the cactus cultivation business of Magicactus.com. Under the terms of the letter of intent, Lophos Pharma intends to acquire all assets of the cactus cultivation business.

As consideration for the acquisition of the assets, Lophos intends to pay to the vendor $150,000 in cash and issue 1,000,000 common shares, at a price $0.10 per share, subject to adjustment in certain circumstances. In addition, Lophos intends to enter into a 12-month consulting agreement with Mr. Jose Frank Valente, the founder of Magicactus.com, for $100,000. The acquisition is subject to the negotiation and execution of a definitive asset purchase agreement and the receipt of applicable corporate and regulatory approvals, including that of the Canadian Securities Exchange.